The Affordable Care Act (ACA) – Older Adults and People With Disabilities
August  2013

PRESENTED BY:

AGEOPTIONS

Connecting Older Adults with Community-based Resources and Options

The Area Agency on Aging of Suburban Cook County, since 1974
What We Will Cover Today

• The ACA and Medicare
• ACA Provisions Already Enacted for People Without Medicare
• Upcoming Changes for People Without Medicare (2014)
The ACA and Medicare
Phase Out of Part D “Donut Hole”

• Medicare Part D “Donut Hole”
  – After individual and plan TOGETHER have spent a certain amount of money on drugs ($2,970 in 2013), beneficiary hits the “donut hole”
  – Individual continues to pay plan premium every month, even while in donut hole phase
  – Pre-ACA: Individual paid **full cost** of drugs once in the donut hole
  – After Individual has spent $4,750 out of pocket, ‘catastrophic coverage’ begins and beneficiary only pays 5% of cost of drugs for rest of the year (federal government subsidizes the rest
Phase Out of Part D “Donut Hole”

• Due to ACA, Part D “donut hole” phased out by 2020
  • 52.5% discount on brand name drugs and 21% discount on generic drugs in 2013.
  • 52.5% discount on brand name drugs and 28% discount on generic drugs in 2014.
  • Discounts continue to grow until donut hole is gone in 2020.
Phase Out of Part D “Donut Hole”

• More than 6.6 million people who hit the ‘donut hole’ have saved $7 billion on prescriptions as a result of the ACA - average savings $1,061/person

  – In Illinois, 133,889 people saved $95 million in 2012, an average savings of $716/person
## Part D Donut Hole Discounts – Brand Name Drugs

<table>
<thead>
<tr>
<th>Year</th>
<th>Manufacturer’s Discount</th>
<th>Government Subsidy</th>
<th>Beneficiary Pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>50%</td>
<td>2.5%</td>
<td>47.5%</td>
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<tr>
<td>2014</td>
<td>50%</td>
<td>2.5%</td>
<td>47.5%</td>
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<tr>
<td>2015</td>
<td>50%</td>
<td>5%</td>
<td>45%</td>
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<tr>
<td>2016</td>
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<td>5%</td>
<td>45%</td>
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<td>2017</td>
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<td>10%</td>
<td>40%</td>
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<tr>
<td>2018</td>
<td>50%</td>
<td>15%</td>
<td>35%</td>
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<tr>
<td>2019</td>
<td>50%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>2020</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>
### Part D Donut Hole Discounts – Generic Drugs

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Subsidy</th>
<th>Beneficiary Pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>21%</td>
<td>79%</td>
</tr>
<tr>
<td>2014</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>2015</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>2016</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>2017</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2018</td>
<td>56%</td>
<td>44%</td>
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<tr>
<td>2019</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>2020</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Other Prescription Drug Changes

• Better coverage for people with low incomes
  – Extra Help – federal program that provides assistance with premiums, copays and deductibles for people with low income
  – People on Extra Help pay $0 premium if they choose certain plans with low premium amounts
  – ACA: More plans for people on Extra Help to choose from and pay $0 premium
Other Prescription Drug Changes

• People with higher annual incomes pay higher Part D premiums
  • $85,000 individual / $170,000 married couple
  • These individuals already pay higher Part B premiums (but this is NOT part of the ACA)
# Part D Premiums in 2013

<table>
<thead>
<tr>
<th>If Your Yearly Income in 2011 was</th>
<th>You pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>File Individual Tax Return</td>
<td>File Joint Tax Return</td>
</tr>
<tr>
<td>$85,000 or less</td>
<td>$170,000 or less</td>
</tr>
<tr>
<td>above $85,000 up to $107,000</td>
<td>above $170,000 up to $214,000</td>
</tr>
<tr>
<td>above $107,000 up to $160,000</td>
<td>above $214,000 up to $320,000</td>
</tr>
<tr>
<td>above $160,000 up to $214,000</td>
<td>above $320,000 up to $428,000</td>
</tr>
<tr>
<td>above $214,000</td>
<td>above $428,000</td>
</tr>
</tbody>
</table>
Medicare Enrollment Period

• Annual Enrollment Period changed (AEP)
  • For both Part D and Part C (Medicare Advantage) plans
  • Now October 15th – December 7th each year
    – Plan choice effective Jan. 1st

• New Medicare Advantage Disenrollment Period
  • Switch back to Original Medicare with a stand-alone Part D plan only
  • January 1 – February 14
Medicare Coverage of Preventive Services

• No cost for most preventive services
  – eliminates deductibles and co-payments for many screenings and preventive services

• Adds coverage for an “Annual Wellness Visit”
  – No cost to you
  – Wellness visit and personalized prevention plan

• New services and screenings added
  – Services recommended by the U.S. Preventive Services Task Force
Annual Wellness Visit
(NOT A PHYSICAL)

• Health risk assessment
• Medical history
• Review of functional level/safety
• Screenings for depression, cognitive impairment, height, weight, Blood Pressure, Body Mass Index
• Set up screening schedule, etc. for next few years
Annual Wellness Visit Checklist

– Preventive services checklist to take to your doctor on pg. 51 of the 2013 “Medicare and You” book that includes more of the newly covered services

– Visit www.MyMedicare.gov to track preventive services and print a personalized “on the go” report
No Cost Preventive Services

May need to pay office visit co-pay for screenings if not done during annual wellness visit!

- Bone mass measurement
- Tobacco cessation counseling
- Medical nutrition therapy
- Pap test
- Pelvic examination
- Mammography screening
- Colorectal cancer screenings
- Diabetes screening
- Cardiovascular screening
- HIV screening
- Vaccines (Flu, Pneumonia, Hepatitis B)
- Obesity screening and counseling
- Sexually transmitted infections screening and counseling
Payments to Medicare Advantage Plans

• Covering someone on an MA plan used to cost 14% more than covering someone on Original Medicare

• Over time, these extra payments are being reduced
  – This change accounts for a big part of the savings to Medicare
  – Savings will be put back into the Medicare program
  – MA plans may get higher payments based on a 5- Star rating system for quality and service. Focus on health outcomes.
Fraud, Waste, and Abuse

• Billions of dollars every year lost to health care fraud
  – Taxpayer dollars, Medicare premiums
  – People lose health care benefits they desperately need

• The ACA provides resources for fraud prevention and law enforcement:
  – New and tougher penalties for people who commit fraud
  – More investigators, law enforcement
  – New Medicare tools to provide better screening and analyze data for fraud
Demonstration Programs to Improve Quality of Care

• Increasing coordination of care among multiple providers
• Coordination between Medicare and Medicaid
• Improving care transitions
  – preventing hospital readmissions after discharge
• Incentives to utilize Electronic Health Records and electronic prescribing
ACA Provisions Already Enacted for People Without Medicare
Older Adults Without Medicare

Even some people over the age of 65 may not have Medicare!

• To qualify for Medicare, must be:
  – 65 or older OR under 65 and qualify for Social Security Disability benefits (SSDI)
  – Citizen OR legal permanent resident that has lived in the U.S. for at least 5 years
  – Paid into Social Security at least 40 quarters to get Part A premium-free (otherwise have to pay monthly premium of up to $451/month)
Children and Young Adults

• Children and adolescents (through age 18)
  – Cannot be denied coverage because of a pre-existing condition

• Young adults
  – People without employer coverage can stay on parents’ health insurance up to age 26 even if working, married, or in school (veterans up to age 30)
Everyone With an Insurance Plan

• No lifetime caps on insurance benefits (annual limits phased out by 2014)

• No more policy rescissions for anything other than fraud
  – Insurance companies cannot drop someone from a plan because the person made a mistake on the initial coverage application
Everyone With an Insurance Plan

– Free preventive services in all new insurance plans

– Premium increases will be reviewed by state before accepted (if more than 10% must submit a justification)

– Medical Loss Ratio: Insurers must spend at least 80-85 cents of every dollar collected in premiums on healthcare and quality (not profits, marketing, administration)
Upcoming Changes for People Without Medicare (2014)
Medicaid Expansion

• Current Medicaid eligibility limited to certain low-income groups
  • Pregnant women, kids, seniors, people with disabilities
• 2014: expansion of Medicaid to anyone age 19-64 with income at or below 138% FPL (about $15,900 for 1 person in 2013) that meet Medicaid citizenship requirements
  – Must not be eligible for Medicare or existing Medicaid programs to qualify for new Medicaid
Medicaid Expansion

• Coverage may be different than current Medicaid (but most cover certain “essential health benefits”)

• **342,000 new people will be insured in Illinois** – approximately **47,800 will be in the 55-64 age group**

• Federal government covers 100% of cost of expanded coverage, gradually decreases to 90% by 2020

• Supreme Court decision – states choose whether or not to participate
  – Illinois: SB 26 was signed into law on July 22, 2013
Affordable Health Insurance Marketplace

• Each state will have a Marketplace where individuals and small businesses can shop for plans
• Plans sold in the Marketplace will be standardized (Bronze, Silver, Gold, Platinum) to make it easier for consumers to compare
• All plans must cover “essential health benefits” (10 categories)
• “Assister” agencies will help consumers with understanding and choosing plans in the Marketplace
Affordable Health Insurance Marketplace

• People with incomes below 400% FPL can receive premium tax credits to assist with paying monthly premiums
  – This assistance will be most helpful if the person chooses a Silver or Bronze level plan

• People with incomes below 250% FPL can receive assistance with cost-sharing (deductibles and co-pays).
  – This assistance is only available if the person chooses a Silver level plan!
Who Will Buy Plans in the Affordable Health Insurance Marketplace?

• People who are currently uninsured, do not qualify for insurance through an employer or other program, and meet citizenship requirements (must be a U.S. citizen or legal resident to buy a plan through the Marketplace)

• These people will **NOT** buy plans in the Marketplace:
  – People eligible for Medicare or Medicaid
  – People who are offered affordable insurance by their employer
  – People who already have insurance coverage through another source (retiree plan, Veterans benefits, etc.)
Medicare and the Affordable Health Insurance Marketplace

• People who are on Medicare should NOT purchase insurance plans through the Marketplace.
  – Marketplace plans will not help with Medicare out of pocket costs.
  – Medicare Supplement plans will NOT be sold in the Marketplace.

• If someone is eligible for Medicare, s/he will NOT be eligible to receive Marketplace premium or cost-sharing assistance.
  – Exception: People who must pay premiums to buy Medicare Part A can receive Marketplace assistance if s/he chooses to buy a Marketplace plan instead of Medicare.
Coverage Options for Older Adults

• MMW Flow Chart – Coverage Options for People Age 65 and Over
  – Use this chart to determine whether someone age 65 or over should have Medicare, Medicaid, or ACA Marketplace Coverage

http://ageoptions.org/documents/USETHIS-full65andoldercoverageflowchart-BLACKANDWHITE.pdf
Who Will Buy Plans in the Affordable Health Insurance Marketplace?

• Some families may be “split,” with certain family members buying insurance through the Marketplace while others use other forms of coverage

• Example: 5 person family
  – Mom (56), Dad (58), and 15 year old daughter have no insurance coverage and income over 138% FPL – will purchase a plan through the Marketplace
  – 22 year old daughter has a job that offers her insurance coverage; she accepts insurance through her job
  – 25 year old son receives Social Security Disability benefits and qualifies for Medicare
New Rules for Insurance Plans in 2014
(Note: These new rules do not apply to Medicare Plans!)

• Guaranteed Issue (Plans may not refuse to sell someone a plan because of a pre-existing condition.)

• Plans may not charge higher premiums based on health (pre-existing conditions) or gender.
  – May only use age, geography, and tobacco use to determine premium amount.

• No annual limits on benefits

• Annual out of pocket maximums
  – 2014: $5,950 for an individual, $11,900 for a family
ACA Insurance Coverage Mandate ("Individual Mandate")
Individual Mandate

- Requires most people to maintain "minimum essential coverage"
- Employer-sponsored, government (Medicare, Medicaid), and individual policies count
- Penalty for not participating: % of household income reflecting the cost of the insurance
- Some people exempt: incarcerated, religious objectors, Native Americans, people with financial hardship
Individual Mandate (Purpose)

• **Insurance principles**
  – To avoid adverse selection – need healthy people to balance out those using benefits
  – Big pool makes the premiums more affordable

• **Everyone shares the responsibility**
  – Uninsured overuse expensive services like emergency room, not getting preventive care. Costs shifted to providers (charity care) and consumers and employers who have to pay higher premiums and taxes.
Individual Mandate

• Penalty will be the greater of these two:
  – $695/year for an individual or up to a maximum of 3x that amount ($2,085) for family
  – 2.5% of household income

• Penalty will be phased in:
  – $95 or 1% of taxable income in 2014
  – $325 or 2% of taxable income in 2015
  – $695 or 2.5% of taxable income in 2016
  – After 2016, penalty will be increased annually by cost of living adjustment
For More Information
MMW Resources - AgeOptions

MMW Materials:
http://ageoptions.org/services-and-programs_makeMedicareWork.html

MMW ACA Materials:
– 7 ACA Tip Sheets in English, Spanish, Chinese, Korean, Polish, and Russian
– Coverage Options for People 65+ (Flow Chart)
– Slides and Recording from this webinar

http://www.ageoptions.org/services-and-programs_AffordableCareActMaterials.html
Social Media

• **AgeOptions**
  – Twitter: @AgeOptions
  – Facebook:  
    [https://www.facebook.com/pages/AgeOptions/132016633550504](https://www.facebook.com/pages/AgeOptions/132016633550504)

• **Health & Disability Advocates**
  – Twitter: @HDAdvocates
  – Facebook:  
    [https://www.facebook.com/HealthAndDisabilityAdvocates](https://www.facebook.com/HealthAndDisabilityAdvocates)

• **Illinois Health Matters** ([www.illinoishealthmatters.org](http://www.illinoishealthmatters.org))
  – Twitter: @ILHealthMatters
  • Facebook: [https://www.facebook.com/IllinoisHealthMatters](https://www.facebook.com/IllinoisHealthMatters)
Affordable Care Act Resources


• **Kaiser Family Foundation** -  
  – Cartoon videos and written materials  
  – Marketplace subsidy calculator (gives estimations of the assistance that an individual may be eligible to receive)

• **AARP Health Law Answers Tool** -  
  [http://healthlawanswers.aarp.org/](http://healthlawanswers.aarp.org/)  
  – Tool to determine what type of coverage is most appropriate for a particular person/family
Thank you!

If you have questions, contact:

AgeOptions
(800)699-9043
TTY: (708)524-1653

Over the past 30 years, AgeOptions has established a national reputation for meeting the needs, wants and expectations of older adults in suburban Cook County. We are recognized as a leader in developing and helping to deliver innovative community-based resources and options to the evolving, diverse communities we serve.

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